



**NEW YORK STATE  
DEPARTMENT OF FINANCIAL SERVICES  
CONSUMER PROTECTION AND FINANCIAL ENFORCEMENT  
DIVISION**

One State Street  
New York, NY 10004

**PUBLIC SUMMARY**

**COMMUNITY REINVESTMENT ACT  
PERFORMANCE EVALUATION**

**Date of Evaluation:** December 31, 2020

**Institution:** Amalgamated Bank  
275 Seventh Avenue  
New York, NY 10001

**Note:** This evaluation is not an assessment of the financial condition of this institution. The rating assigned does not represent an analysis, conclusion or opinion of the New York State Department of Financial Services concerning the safety and soundness of this financial institution.

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## **GENERAL INFORMATION**

This document is an evaluation of the Community Reinvestment Act (“CRA”) performance of Amalgamated Bank (“Amalgamated” or the “Bank”) prepared by the New York State Department of Financial Services (“DFS” or the “Department”). This evaluation represents the Department’s current assessment and rating of the institution’s CRA performance based on an evaluation conducted as of December 31, 2020.

Section 28-b of the New York Banking Law, as amended, requires that when evaluating certain applications, the Superintendent of Financial Services shall assess a banking institution’s record of helping to meet the credit needs of its entire community, including low- and moderate-income (“LMI”) areas, consistent with safe and sound operations.

Part 76 of the General Regulations of the Superintendent (“GRS”) implements Section 28-b and further requires that the Department assess the CRA performance records of regulated financial institutions. Part 76 establishes the framework and criteria by which the Department will evaluate institutions’ performance. Section 76.5 further provides that the Department will prepare a written report summarizing the results of such assessment and will assign to each institution a numerical CRA rating based on a 1 to 4 scoring system. The numerical scores represent an assessment of CRA performance as follows:

- (1) Outstanding record of meeting community credit needs;
- (2) Satisfactory record of meeting community credit needs;
- (3) Needs to improve in meeting community credit needs; and
- (4) Substantial noncompliance in meeting community credit needs.

Section 76.5 further requires that the CRA rating and the written summary (“Evaluation”) be made available to the public. Evaluations of banking institutions are primarily based on a review of performance tests and standards described in Section 76.7 and detailed in Sections 76.8 through 76.13. The tests and standards incorporate the 12 assessment factors contained in Section 28-b of the New York Banking Law.

For an explanation of technical terms used in this report, please consult the **GLOSSARY** at the back of this document.

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## **OVERVIEW OF INSTITUTION'S PERFORMANCE**

The Department evaluated Amalgamated according to the large banking institutions performance criteria pursuant to Sections 76.7, 76.8, 76.9 and 76.10 of the GRS. The evaluation period included calendar years 2017, 2018, 2019 and 2020 for HMDA-reportable lending activities and the period from October 1, 2017 to December 31, 2020 for community development activities. Amalgamated is rated “2,” indicating a “Satisfactory” record of helping to meet community credit needs.

This rating is based on the following factors:

### **LENDING TEST:** High Satisfactory

Amalgamated’s HMDA-reportable lending activities were more than reasonable in light of Amalgamated’s size, business strategy, and financial condition, as well as aggregate and peer group activity and the demographic characteristics and credit needs of its assessment area.

### **Lending Activity:** Low Satisfactory

Amalgamated’s lending levels were adequate considering its size, business strategy and financial condition, as well as the activity of its peer group and the demographic characteristics of its assessment area.

During the evaluation period, Amalgamated’s average Loan-to-Deposit (“LTD”) ratio was 77.2% compared to the peer group’s LTD ratio of 87.9%. The Bank’s current average LTD ratio was also lower than the Bank’s prior period’s average ratio of 78.8%.

### **Assessment Area Concentration:** Outstanding

During the evaluation period, Amalgamated originated or purchased 88.9% by number and 93.7% by dollar value of its HMDA-reportable loans within the assessment area, demonstrating an excellent concentration of lending.

### **Geographic Distribution of Loans:** Outstanding

Amalgamated’s origination of loans in census tracts of varying income levels demonstrated an excellent distribution of lending.

Amalgamated’s overall average rates of lending in LMI census tracts were 35.3% by number and 44.5% by dollar value of loans. This significantly exceeded the aggregate’s average rates of 17.1% and 22.3%, respectively, as well as the percentage of LMI owner-occupied housing units in each year of the evaluation period.

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Distribution by Borrower Characteristics: Low Satisfactory

Amalgamated's HMDA-reportable lending demonstrated an adequate distribution of loans among individuals of different income levels.

Amalgamated's one-to-four family HMDA-reportable average rates of lending to LMI borrowers for the evaluation period were 11.2% by number and 4.8 % by dollar value of loans, comparable to the aggregate's rates of 10.8% and 5.4%, respectively.

Community Development Lending: Outstanding

During the evaluation period, Amalgamated originated \$251.1 million in new community development loans and had \$127.5 million outstanding from prior evaluation periods. This demonstrated an excellent level of community development lending over the course of the evaluation period. The majority of the community development loans originated during this evaluation period were for affordable housing purposes.

**INVESTMENT TEST:** Low Satisfactory

Amalgamated's qualified investments were adequate in light of the assessment area's credit needs.

Qualified Investments:

During the evaluation period, Amalgamated made \$14.6 million in new qualified investments and had \$18 million outstanding from prior evaluation periods. In addition, Amalgamated made approximately \$452,000 in grants. This demonstrated an adequate level of qualified investments and grants over the course of the evaluation period.

Innovativeness of Qualified Investments:

Amalgamated did not make use of innovative investments to support community development.

Responsiveness of Qualified Investments to Credit and Community Development Needs:

Amalgamated's qualified investments exhibited adequate responsiveness to the assessment area's credit and community development needs.

**SERVICE TEST:** Low Satisfactory

Retail Banking Services: Low Satisfactory

Amalgamated maintains a small branch network compared to the size of its assessment area. As such, the Bank's branches are accessible to limited portions of the Bank's assessment area. Although the Bank maintains a limited number of branches, the Bank offers other alternative delivery systems that provide adequate access to its products and services.

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Community Development Services: Outstanding

Amalgamated provided an excellent level of community development services. The Bank's directors, officers and employees performed more than 270 community development services during the evaluation period.

*This evaluation was conducted based on a review of the 12 assessment factors set forth in Section 28-b of the New York Banking Law and GRS Part 76.*

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## **PERFORMANCE CONTEXT**

### **Institution Profile**

Chartered in 1923, Amalgamated is a commercial bank headquartered in New York, New York. The Bank is a publicly listed company and its largest shareholder is Workers United.

Amalgamated operates three branch offices in its New York assessment area – one each located in Manhattan (New York County) the Bronx (Bronx County), and Brooklyn (Kings County) – as well as one branch each in Washington, D.C. and San Francisco, California. Each branch in New York has at least one full-service ATM, and retail customers have surcharge-free access to over 40,000 ATMs nationwide through the Allpoint Network.

Amalgamated offers a wide array of banking services and products to individuals, small and large businesses, unions, and nonprofit and political organizations. Products include checking and savings accounts, mortgages, home equity lines of credit, and investment services. Amalgamated's customers have online and mobile access to their accounts.

In its Consolidated Report of Condition (the Call Report) as of December 31, 2020, filed with the Federal Deposit Insurance Corporation ("FDIC"), Amalgamated reported total assets of \$6 billion, of which \$3.5 billion were net loans and lease financing receivables. It also reported total deposits of \$5.3 billion, resulting in a loan-to-deposit ratio of 64.7%. According to the latest available comparative deposit data as of June 30, 2020, Amalgamated had a market share of 0.20%, or \$3.8 billion in a market of \$1.9 trillion, ranking it 32nd among 130 deposit-taking institutions in the assessment area.

The following is a summary of the Bank's loan portfolio, based on Schedule RC-C of the Bank's December 31, 2017, 2018, 2019 and 2020 Call Reports:

TOTAL GROSS LOANS OUTSTANDING								
Loan Type	2017		2018		2019		2020	
	\$000's	%	\$000's	%	\$000's	%	\$000's	%
1-4 Family Residential Mortgage Loans	804,847	28.5	1,114,415	34.3	1,374,086	39.5	1,254,531	35.8
Multifamily Mortgages	903,201	32.0	916,843	28.2	977,144	28.1	947,607	27.1
Commercial Mortgage Loans	352,559	12.5	440,942	13.6	422,330	12.2	373,214	10.7
Construction Loans	11,059	0.4	41,299	1.3	59,600	1.7	53,664	1.5
Secured by Farmland	0	0.0	4,879	0.2	2,671	0.1	2,423	0.1
<b>Total Real Estate Loans</b>	<b>2,121,666</b>	<b>73.5</b>	<b>2,642,397</b>	<b>77.5</b>	<b>2,935,267</b>	<b>81.6</b>	<b>2,764,835</b>	<b>75.2</b>
Commercial & Industrial Loans	643,669	22.8	498,472	15.3	424,620	12.2	644,698	18.4
Consumer Loans	61,059	2.2	170,197	5.2	161,707	4.7	189,483	5.4
Other Loans	9,331	0.3	21,858	0.7	27,456	0.8	31,893	0.9
Agriculture Loans	0	0.0	1,891	0.1	2,035	0.1	2,395	0.1
Loans to Nondepository Institutions	34,438	1.2	37,720	1.2	23,296	0.7	171	0.0
<b>Total Gross Loans</b>	<b>2,820,163</b>		<b>3,248,516</b>		<b>3,474,945</b>		<b>3,500,079</b>	

As illustrated in the above table, Amalgamated is primarily a real estate lender, with 75.2% of its loan portfolio in real estate loans. Residential lending, including one-to-four family mortgage loans and multifamily loans comprise 62.9% of loans outstanding.

*Examiners did not find evidence of financial or legal impediments that had an adverse impact on Amalgamated's ability to meet the credit needs of its community.*

### **Assessment Area**

Amalgamated's assessment area is comprised of Bronx, Kings, Nassau, New York, Queens, and Westchester counties. In 2018, the Bank removed Richmond and Rockland counties from its assessment area.

There are 2,564 census tracts in the area, of which 299 are low-income, 616 are moderate-income, 813 are middle-income, 759 are upper-income, and 77 are tracts with no income indicated.

Assessment Area Census Tracts by Income Level							
County	N/A	Low	Mod	Middle	Upper	Total	LMI %
Bronx	7	140	99	60	33	339	70.5
Kings	14	95	260	230	162	761	46.6
Nassau	9	7	28	159	81	284	12.3
New York	15	34	57	21	161	288	31.6
Queens	27	16	146	303	177	669	24.2
Westchester	5	7	26	40	145	223	14.8
<b>Total</b>	<b>77</b>	<b>299</b>	<b>616</b>	<b>813</b>	<b>759</b>	<b>2,564</b>	<b>35.7</b>



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## **Demographic & Economic Data**

The assessment area had a population of 10.3 million during the evaluation period. Approximately 13.3% of the population was over the age of 65 and 19.1% was under the age of 16.

Of the 2.3 million families in the assessment area, 29.6% were low-income, 16% were moderate-income, 16.1% were middle-income and 38.3% were upper income. There were 3.7 million households in the assessment area, of which 17.2% had income below the poverty level and 3.7% were on public assistance.

The weighted average median family income in the assessment area was \$82,114.

There were 4.1 million housing units within the assessment area, of which 45.5% were one-to-four family units and 54.4% were multifamily units. A majority (56.1%) of the area's housing units were rental units, while 35.3% were owner-occupied.

Of the total 2.3 million rental-occupied units, 50.9% were in LMI census tracts while 48.9% were in middle- and upper-income census tracts. Average monthly gross rent was \$1,358.

Of the 1.4 million owner-occupied housing units, 16.2% were in LMI census tracts while 83.7% were in middle- and upper-income census tracts. The median age of the housing stock was 79 years, and the median home value in the assessment area was \$534,095.

There were 1.1 million non-farm businesses in the assessment area. Of these, 90.8% were businesses with reported revenues of less than or equal to \$1 million, 4.4% reported revenues of more than \$1 million and 4.8% did not report their revenues. Of all the businesses in the assessment area, 97.8% were businesses with less than fifty employees while 94.1% operated from a single location. The largest industries in the area were services (36.1%), followed by retail trade (11.6%) and finance, insurance and real estate (10%); 27.8% of businesses in the assessment area were not classified.

According to the New York State Department of Labor, the average unemployment rate peaked in 2020 for New York State and all counties in the assessment area. This was due to the Covid-19 pandemic and resulting adverse economic impact. Prior to 2020, average unemployment rates had showed a decreasing trend. Over the course of the evaluation period, Bronx County had the highest average unemployment rate, 8.4%, followed by Kings County at 6.4% and Queens County at 6%. Nassau County had the lowest average unemployment rate, averaging 4.9%. At 8.4%, Nassau County also had the lowest unemployment rate in 2020.

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Assessment Area Unemployment Rate							
	NYS	Bronx	Kings	Nassau	New York	Queens	Vestcheste
2017	4.6	6.3	4.7	4.1	4.1	4.1	4.5
2018	4.1	5.8	4.3	3.5	3.7	3.7	3.9
2019	3.8	5.4	4.1	3.4	3.5	3.5	3.8
2020	10.0	16.0	12.5	8.4	9.5	12.5	8.4
Average of Years Above	5.6	8.4	6.4	4.9	5.2	6.0	5.2

### **Community Information**

DFS examiners contacted two nonprofit organizations active in Amalgamated’s assessment area. The organizations’ comments helped to identify potential credit needs and opportunities within the assessment area.

The first organization, located in New York City, is a nonprofit community organization whose mission is to build housing stability and fulfill housing needs of LMI immigrant families from Southeast Asia and the Caribbean. The organization provides housing and tenant counseling, and assistance to homeowners struggling to meet mortgage and tax payments or to maintain their homes. The organization’s representative indicated that while economic conditions were stable prior to the Covid-19 pandemic, affordable housing and unemployment have been long-standing concerns for the community. They also stated that local financial institutions could do more to assist LMI communities by performing more community outreach, offering convenient and low-cost accounts, and reducing mortgage down payment requirements.

The second nonprofit organization provides food, shelter, clothing, and medical care for individuals in need. The contact stated that the population of those in need has doubled due to the onset and persistence of the COVID-19 pandemic. Although there has been an increase in donations and grants from various sources, additional funding is needed in order to continue with the organization’s operations. The contact also noted a need for financial literacy programs, as well as affordable housing to break the cycle of poverty and homelessness.

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## **PERFORMANCE STANDARDS AND ASSESSMENT FACTORS**

*The Department evaluated Amalgamated under the large banking institutions performance criteria in accordance with Sections 76.7, 76.8, 76.9 and 76.10 of the GRS, which consist of the lending, investment and service tests. DFS also considered the following factors in assessing the Bank's record of performance:*

- 1. The extent of participation by the board of directors or board of trustees in formulating CRA policies and reviewing CRA performance;*
- 2. Any practices intended to discourage credit applications;*
- 3. Evidence of prohibited discriminatory or other illegal credit practices;*
- 4. Record of opening and closing offices and providing services at offices; and*
- 5. Process factors, such as activities to ascertain credit needs and the extent of marketing and special credit related programs.*

*Finally, the evaluation considered other factors as delineated in Section 28-b of the New York Banking Law that reasonably bear upon the extent to which Amalgamated helps to meet the credit needs of its entire community.*

DFS derived statistics employed in this evaluation from various sources. Amalgamated submitted bank-specific information both as part of the evaluation process and on its Call Report submitted to the FDIC. DFS obtained aggregate lending data from the Federal Financial Institutions Examination Council ("FFIEC") and deposit data from the FDIC. DFS obtained LTD ratios from information shown in the Bank's Uniform Bank Performance Report, compiled by the FFIEC from Call Report data.

DFS derived the demographic data referred to in this report from the 2010 U.S. Census and the FFIEC. DFS based business data on Dun & Bradstreet reports, which Dun & Bradstreet updates annually. DFS obtained unemployment data from the New York State Department of Labor.

The evaluation period included calendar years, 2017, 2018, 2019 and 2020 for the Bank's HMDA-reportable lending activities and the period from October 1, 2017 through December 31, 2020 for community development activities. Refinanced loans using Consolidation, Extension, and Modification Agreements ("CEMA") were not included in the 2017 HMDA-reportable loans as the low volume would not have had any impact on the overall results. CEMAs were included automatically in HMDA reporting starting in 2018.

DFS examiners also did not consider small business lending during this evaluation in the lending test. The minimal volume of such lending would not have impacted the overall results.

Examiners considered Amalgamated's HMDA-reportable loans in evaluating factors (2), (3) and (4) of the lending test noted below.

At its prior Performance Evaluation as of September 30, 2017, DFS assigned Amalgamated a rating of “2,” reflecting a “Satisfactory” record of helping to meet the credit needs of Amalgamated’s community needs.

**Current CRA Rating: Satisfactory**

**LENDING TEST:** High Satisfactory

*The Bank’s lending performance was evaluated pursuant to the following criteria:*

- (1) Lending Activity;*
- (2) Assessment Area Concentration;*
- (3) Geographic Distribution of Loans;*
- (4) Borrower Characteristics;*
- (5) Community Development Lending; and*
- (6) Flexible and/or Innovative Lending Practices.*

Amalgamated’s HMDA-reportable lending activities were more than reasonable in light of Amalgamated’s size, business strategy, and financial condition, as well as aggregate and peer group activity and the demographic characteristics and credit needs of its assessment area.

**Lending Activity:** Low Satisfactory

Amalgamated’s lending levels were adequate considering its size, business strategy and financial condition, as well as the activity of its peer group and the demographic characteristics of its assessment area.

Amalgamated’s average LTD ratio for the current evaluation period was 77.2% compared to the peer group’s LTD ratio of 87.9%. The Bank’s current average LTD ratio was also lower than the Bank’s prior period’s average ratio of 78.8%.

Amalgamated’s quarterly ratios trailed its peers’ averages throughout the evaluation period.

<b>Loan-to-Deposit Ratios</b>																	
	2017 Q1	2017 Q2	2017 Q3	2017 Q4	2018 Q1	2018 Q2	2018 Q3	2018 Q4	2019 Q1	2019 Q2	2019 Q3	2019 Q4	2020 Q1	2020 Q2	2020 Q3	2020 Q4	Avg.
Bank	83.1	88.0	87.3	85.9	87.3	78.2	78.3	78.2	79.3	79.3	80.1	74.1	69.2	62.0	59.5	64.7	77.2
Peer	87.7	88.9	88.7	89.4	88.8	89.9	89.3	89.6	88.5	89.8	88.9	87.9	87.9	85.1	84.7	81.1	87.9

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### Assessment Area Concentration: Outstanding

During the evaluation period, Amalgamated originated or purchased 88.9% by number and 93.7% by dollar value of its HMDA-reportable loans within the assessment area, demonstrating an excellent concentration of lending.

The following table shows the percentages of Amalgamated's HMDA-reportable loans made inside and outside of the assessment area.

Distribution of Loans Inside and Outside of the Assessment Area										
Loan Type	Number of Loans					Loans in Dollars (in thousands)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
HMDA-Reportable loans										
2017	185	83.7%	36	16.3%	221	83,702	82.2%	18,139	17.8%	101,841
2018	272	95.1%	14	4.9%	286	247,048	96.6%	8,709	3.4%	255,757
2019	185	88.1%	25	11.9%	210	190,504	96.3%	7,413	3.7%	197,917
2020	239	87.2%	35	12.8%	274	204,110	93.5%	14,195	6.5%	218,305
Grand Total	881	88.9%	110	11.1%	991	725,364	93.7%	48,456	6.3%	773,820

### Geographic Distribution of Loans: Outstanding

Amalgamated's origination of HMDA-reportable loans in census tracts of varying income levels demonstrated an excellent distribution of lending.

Amalgamated's overall average rates of lending in LMI census tracts were 35.3% by number and 44.5% by dollar value of loans. This significantly exceeded the aggregate's average rates of 17.1% and 22.3%, respectively, as well as the percentage of LMI owner-occupied housing units in each year of the evaluation period.

The following table provides a summary of the distribution of Amalgamated's HMDA-reportable loans by the income level of the geography where the property was located.

<b>Distribution of HMDA-Reportable Lending by Geographic Income of the Census Tract</b>									
<b>2017</b>									
<b>Geographic Income</b>	<b>Bank</b>				<b>Aggregate</b>				<b>OO HUs</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	13	7.0%	7,024	8.4%	3,878	4.2%	3,736,954	6.2%	3.2%
Moderate	56	30.3%	16,768	20.0%	13,224	14.2%	10,826,452	18.1%	14.5%
LMI	69	37.3%	23,792	28.4%	17,102	18.4%	14,563,406	24.3%	17.7%
Middle	39	21.1%	18,041	21.6%	31,537	33.8%	13,710,540	22.9%	36.6%
Upper	76	41.1%	41,589	49.7%	44,372	47.6%	31,332,892	52.4%	45.6%
Unknown	1	0.5%	280	0.3%	175	0.2%	227,157	0.4%	0.2%
<b>Total</b>	<b>185</b>		<b>83,702</b>		<b>93,186</b>		<b>59,833,995</b>		
<b>2018</b>									
<b>Geographic Income</b>	<b>Bank</b>				<b>Aggregate</b>				<b>OO HUs</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	19	7.0%	20,752	8.4%	4,651	4.6%	6,177,005	8.4%	3.5%
Moderate	80	29.4%	91,940	37.2%	15,342	15.3%	13,218,680	18.1%	15.6%
LMI	99	36.4%	112,692	45.6%	19,993	20.0%	19,395,685	26.5%	19.1%
Middle	64	23.5%	45,738	18.5%	35,600	35.5%	16,975,460	23.2%	38.3%
Upper	109	40.1%	88,619	35.9%	44,389	44.3%	36,488,245	49.9%	42.5%
Unknown	0	0.0%	0	0.0%	184	0.2%	329,320	0.4%	0.2%
<b>Total</b>	<b>272</b>		<b>247,049</b>		<b>100,166</b>		<b>73,188,710</b>		
<b>2019</b>									
<b>Geographic Income</b>	<b>Bank</b>				<b>Aggregate</b>				<b>OO HUs</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	20	10.8%	52,449	27.5%	3,964	3.6%	6,048,280	6.9%	2.7%
Moderate	56	30.3%	50,048	26.3%	14,600	13.1%	12,881,780	14.7%	13.5%
LMI	76	41.1%	102,497	53.8%	18,564	16.7%	18,930,060	21.6%	16.2%
Middle	51	27.6%	43,798	23.0%	39,270	35.3%	20,850,520	23.7%	37.6%
Upper	58	31.4%	44,209	23.2%	53,310	47.9%	47,597,750	54.2%	46.1%
Unknown	0	0.0%	0	0.0%	209	0.2%	460,735	0.5%	0.2%
<b>Total</b>	<b>185</b>		<b>190,504</b>		<b>111,353</b>		<b>87,839,065</b>		
<b>2020</b>									
<b>Geographic Income</b>	<b>Bank</b>				<b>Aggregate</b>				<b>OO HUs</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	9	3.8%	19,077	9.3%	4,237	3.0%	4,958,805	5.0%	2.7%
Moderate	58	24.3%	64,412	31.6%	16,410	11.5%	13,450,060	13.6%	13.5%
LMI	67	28.0%	83,489	40.9%	20,647	14.5%	18,408,865	18.6%	16.2%
Middle	69	28.9%	32,044	15.7%	50,415	35.4%	24,504,175	24.8%	37.6%
Upper	102	42.7%	88,069	43.1%	71,159	50.0%	55,752,565	56.4%	46.1%
Unknown	1	0.4%	508	0.2%	237	0.2%	236,535	0.2%	0.2%
<b>Total</b>	<b>239</b>		<b>204,110</b>		<b>142,458</b>		<b>98,902,140</b>		
<b>GRAND TOTAL</b>									
<b>Geographic Income</b>	<b>Bank</b>				<b>Aggregate</b>				<b>OO HUs</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	61	6.9%	99,302	13.7%	16,730	3.7%	20,921,044	6.5%	
Moderate	250	28.4%	223,168	30.8%	59,576	13.3%	50,376,972	15.8%	
LMI	311	35.3%	322,470	44.5%	76,306	17.1%	71,298,016	22.3%	
Middle	223	25.3%	139,621	19.2%	156,822	35.1%	76,040,695	23.8%	
Upper	345	39.2%	262,486	36.2%	213,230	47.7%	171,171,452	53.5%	
Unknown	2	0.2%	788	0.1%	805	0.2%	1,253,747	0.4%	
<b>Total</b>	<b>881</b>		<b>725,365</b>		<b>447,163</b>		<b>319,763,910</b>		

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Distribution by Borrower Characteristics: Low Satisfactory

Amalgamated's one-to-four family HMDA-reportable lending demonstrated an adequate distribution of loans among individuals of different income levels.

Amalgamated's one-to-four family HMDA-reportable average rates of lending to LMI borrowers for the evaluation period were 11.2% by number and 4.8% by dollar value of loans, comparable to the aggregate's rates of 10.8% and 5.4%, respectively. The Bank's average rates of lending to low-income borrowers were below aggregate levels, while the Bank's lending rates to moderate-income borrowers were slightly above the aggregate's levels.

These levels represent an improvement from the prior evaluation period's less than adequate lending levels. At that time, Amalgamated levels of one-to-four family HMDA-reportable lending to LMI individuals were 5.4% by number of loans and 1.8% by dollar value.

The following table provides a summary of the distribution of Amalgamated's one-to-four family HMDA-reportable loans by borrower income.

Distribution of 1-4 Family Loans by Borrower Income									
2017									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0%	0	0.0%	1,858	2.0%	409,003	0.9%	28.7%
Moderate	14	7.7%	2,363	2.9%	7,464	8.2%	1,701,685	3.7%	15.7%
LMI	14	7.7%	2,363	2.9%	9,322	10.3%	2,110,688	4.6%	44.4%
Middle	37	20.2%	9,300	11.6%	18,420	20.3%	5,600,923	12.1%	16.2%
Upper	114	62.3%	47,551	59.4%	58,156	64.0%	34,771,796	75.2%	39.4%
Unknown	18	9.8%	20,888	26.1%	5,031	5.5%	3,747,159	8.1%	0.0%
<b>Total</b>	<b>183</b>		<b>80,102</b>		<b>90,929</b>		<b>46,230,566</b>		
2018									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	4	1.6%	408	0.4%	2,531	2.6%	657,925	1.4%	29.6%
Moderate	28	11.1%	5,107	5.0%	8,557	8.9%	1,989,315	4.2%	16.0%
LMI	32	12.6%	5,515	5.4%	11,088	11.6%	2,647,240	5.6%	45.6%
Middle	62	24.5%	16,123	15.6%	19,001	19.8%	5,639,625	12.0%	16.1%
Upper	140	55.3%	64,849	62.9%	60,700	63.3%	34,296,460	72.9%	38.3%
Unknown	19	7.5%	16,575	16.1%	5,029	5.2%	4,471,065	9.5%	0.0%
<b>Total</b>	<b>253</b>		<b>103,062</b>		<b>95,818</b>		<b>47,054,390</b>		
2019									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	3	1.9%	284	0.5%	2,630	2.4%	736,230	1.2%	29.6%
Moderate	19	11.7%	3,053	4.8%	9,419	8.8%	2,486,815	4.2%	16.0%
LMI	22	13.6%	3,337	5.3%	12,049	11.2%	3,223,045	5.4%	45.6%
Middle	38	23.5%	9,167	14.5%	20,717	19.3%	6,700,905	11.3%	16.1%
Upper	102	63.0%	50,565	80.2%	67,406	62.8%	43,361,610	72.9%	38.3%
Unknown	0	0.0%	0	0.0%	7,176	6.7%	6,207,230	10.4%	0.0%
<b>Total</b>	<b>162</b>		<b>63,069</b>		<b>107,348</b>		<b>59,492,790</b>		
2020									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	2	0.9%	282	0.3%	2,359	1.7%	702,055	0.9%	29.6%
Moderate	22	9.9%	4,423	5.2%	11,984	8.6%	3,573,330	4.7%	16.0%
LMI	24	10.8%	4,705	5.5%	14,343	10.3%	4,275,385	5.6%	45.6%
Middle	59	26.5%	16,999	20.0%	27,964	20.1%	10,090,820	13.2%	16.1%
Upper	124	55.6%	61,244	72.1%	88,367	63.6%	54,832,435	71.9%	38.3%
Unknown	16	7.2%	2,000	2.4%	8,355	6.0%	7,047,745	9.2%	0.0%
<b>Total</b>	<b>223</b>		<b>84,948</b>		<b>139,029</b>		<b>76,246,385</b>		
GRAND TOTAL									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	9	1.1%	974	0.3%	9,378	2.2%	2,505,213	1.1%	
Moderate	83	10.1%	14,946	4.5%	37,424	8.6%	9,751,145	4.3%	
LMI	92	11.2%	15,920	4.8%	46,802	10.8%	12,256,358	5.4%	45.3%
Middle	196	23.9%	51,589	15.6%	86,102	19.9%	28,032,273	12.2%	
Upper	480	58.5%	224,209	67.7%	274,629	63.4%	167,262,301	73.0%	
Unknown	53	6.5%	39,463	11.9%	25,591	5.9%	21,473,199	9.4%	
<b>Total</b>	<b>821</b>		<b>331,181</b>		<b>433,124</b>		<b>229,024,131</b>		



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### Community Development Lending: Outstanding

During the evaluation period, Amalgamated originated \$251.1 million in new community development loans and had \$127.5 million outstanding from prior evaluation periods. This demonstrated an excellent level of community development lending over the course of the evaluation period.<sup>1</sup>

The majority of Amalgamated's community development loans originated during this evaluation period were for affordable housing.

<b>Community Development Loans</b>				
Purpose	This Evaluation Period		Outstandings from Prior Evaluation Periods	
	# of Loans	\$000	# of Loans	\$000
Affordable Housing	39	227,035	17	104,956
Economic Development	2	3,581	7	22,590
Community Services	17	20,507	0	0
Revitalize/Stabilize	0	0	0	0
Total	58	251,123	24	127,546

Below are highlights of Amalgamated's community development lending.

- Amalgamated extended a \$25 million line of credit to a nonprofit affordable housing finance organization. Through its core lending business and subsidiaries, this organization provides a full suite of construction lending, permanent lending, and equity investing products.
- Amalgamated participated in a construction/rehabilitation loan with an organization whose mission is to transform housing for underserved communities in the assessment area. Amalgamated's share of this loan was \$14.7 million.
- Amalgamated originated a commercial loan in the amount of \$14 million secured by a multifamily property totaling 104 units. Rents for these units are below the fair market rents ("FMR") for the New York metropolitan area as estimated by the U.S. Department of Housing and Urban Development.
- During each year in the evaluation period, Amalgamated renewed a line of credit for an organization that promotes economic development in New York State by helping small businesses. This organization provided loans to small businesses

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<sup>1</sup> For analysis purposes, renewals of lines of credit that occur during the evaluation period are considered new extensions of credit. However, the level of lending is reviewed across the time period of the exam.

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including start-up, early stage and mature businesses with a particular emphasis on minority- and women-owned businesses. The credit extension was \$2 million for 2018, and \$5 million for 2019 and 2020 each, for a total of \$12 million.

- During each year in the evaluation period, Amalgamated renewed a \$5 million line of credit, for a total of \$15 million, to an organization that supports affordable housing preservation and development.

### **Flexible and/or Innovative Lending Practices:**

Amalgamated made use of flexible or innovative lending practices. The Bank offers a proprietary mortgage loan product specifically designed for LMI borrowers called “First Home First Priority”, which resulted in the origination of 118 mortgage loans for a total of \$28.8 million.

### **INVESTMENT TEST: Low Satisfactory**

*DFS evaluated Amalgamated’s investment performance pursuant to the following criteria:*

- (1) The dollar amount of qualified investments.*
- (2) The innovativeness or complexity of qualified investments; and*
- (3) The responsiveness of qualified investments to the credit and community development needs of the assessment area.*

### **Qualified Investments:**

During the evaluation period, Amalgamated made \$14.6 million in new qualified investments and had \$18 million outstanding from prior evaluation periods. In addition, Amalgamated made \$452,400 in grants. This demonstrated an adequate level of qualified investments and grants over the course of the 3.25-year evaluation period. However, the current levels of new qualified investments dropped by 45% and grants dropped by 63.5% compared to the prior three-year evaluation period’s respective levels of \$26.5 million and \$1.24 million.

Community Development Investments and Grants				
	This Evaluation Period		Outstandings from Prior Evaluation Periods	
	# of Inv.	\$000	# of Inv.	\$000
CD Investments				
Affordable Housing	5	14,596	4	17,979
Economic Development				
Community Services				
Revitalization/Stabilization				
<b>Total</b>	<b>5</b>	<b>14,596</b>	<b>4</b>	<b>17,979</b>
CD Grants	# of Grants	\$000	Not Applicable	
Affordable Housing	28	182		
Economic Development	9	44		
Community Services	93	212		
Revitalize/Stabilize	12	14		
<b>Total</b>	<b>142</b>	<b>452</b>		

Below are highlights of Amalgamated's qualified investments and grants.

- Amalgamated invested in multi-family mortgage-backed securities ("MBS") totaling \$14.6 million. Amalgamated's qualified affordable housing investments benefited LMI individuals by providing market liquidity in the affordable housing market in the assessment area.
- Amalgamated made four donations totaling \$85,000 to the local chapter of a national, affordable home building nonprofit organization. The organization supports existing affordable housing and engages in building new affordable homes for low- and moderate-income qualifying clients. Over 1,800 families have been served by the organization, both through preservation of existing affordable housing and new construction.
- Amalgamated donated \$25,000 to a nonprofit organization helping individuals and families invest in, preserve, and improve affordable homes. The organization provides financial education on how to achieve homeownership and how to prevent foreclosure.

Innovativeness of Qualified Investments:

Amalgamated did not make use of innovative investment to support community development.

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Responsiveness of Qualified Investments to Credit and Community Development Needs:

Amalgamated's qualified investments exhibited adequate responsiveness to the assessment area's credit and community development needs.

**SERVICE TEST:** Low Satisfactory

*DFS evaluated Amalgamated's retail service performance pursuant to the following criteria:*

- (1) The current distribution of the banking institution's branches;*
- (2) The institution's record of opening and closing branches;*
- (3) The availability and effectiveness of alternative systems for delivering retail services;*  
*and*
- (4) The range of services provided.*

*The Department evaluated Amalgamated's community development service performance pursuant to the following criteria:*

- (1) The extent to which the banking institution provides community development services;*  
*and*
- (2) The innovativeness and responsiveness of community development services.*

DFS assigns this rating particularly in light of Amalgamated's significant contraction of its branch network during the evaluation period. As of the current evaluation it has only three branches in the assessment area, whereas at the time of the prior evaluation, it had 12.

Retail Banking Services: Low Satisfactory

Amalgamated maintains a small branch network compared to the size of its assessment area. As such, the Bank's branches are accessible to limited portions of the Bank's assessment area. Although the Bank maintains a limited number of branches, the Bank offers other alternative delivery systems that provide adequate access to its products and services.

*Current distribution of the banking institution's branches:*

The Bank operates three branches within its assessment area (one each in Manhattan, the Bronx and Brooklyn), a decrease of 75% from the prior evaluation period when the Bank had 12. Branches located in LMI census tracts decreased from four locations, including two in low-income census tracts, to only one in a moderate-income tract. All of the Bank's remaining branches are accessible by public transportation.

Distribution of Branches within the Assessment Area							
County	N/A #	Low #	Moderate #	Middle #	Upper #	Total #	LMI %
Bronx				1		1	0%
Kings			1			1	100%
New York					1	1	0%
<b>Total</b>	-	-	1	1	1	3	33%

Record of opening and closing branches:

During the evaluation period, Amalgamated did not open any branches, and closed nine branches in the assessment area. Amalgamated’s record of closing branches has adversely affected the accessibility of its delivery systems to LMI geographies and/or LMI individuals. Notably, the Bank closed both of its branches located in low-income census tracts, and four Banking Development District (“BDD”) branches. The BDD branches were located in areas with demonstrated need for banking services. Three of the BDD branches that closed were in LMI areas, and the fourth BDD branch was in an upper-income census tract on Roosevelt Island, an island that is part of New York County (Manhattan) that now has zero bank branches.

Amalgamated no longer participates in the Banking Development District (“BDD”) program. During the prior evaluation period, it maintained five BDD branches. As noted above, four of those branches closed; the fifth BDD branch remains open but exited the BDD program in 2020.

Availability and effectiveness of alternative systems for delivering retail services:

Amalgamated’s delivery systems are reasonably accessible to significant portions of the Bank’s assessment area, including LMI geographies and individuals.

Amalgamated offers its retail customers bank-by-phone, online and mobile banking (including mobile check deposit), bank-by-mail, bill pay, and debit cards. Small business customers have access to their accounts via online and mobile platforms, and the Bank also provides remote deposit capture, and business debit cards. In addition, Amalgamated’s retail customers have surcharge-free access to over 40,000 ATMs nationwide through the Allpoint Network. The Bank’s online and mobile services and ATM network partially offset the Bank’s small number of branches.

Range of services provided:

Amalgamated’s services do not vary in a way that inconveniences portions of its assessment area.

Two of the Bank’s three branches, one located in a moderate-income census tract and the other in a middle-income census tract, have extended hours until 6:00 P.M. on

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Thursdays. The third branch, located in an upper-income census tract, has extended hours until 6:00 P.M. on Thursdays and Fridays. All branches are open Saturday from 9:00 A.M. to 1:00 P.M., and all branches have full-service automated teller machines (“ATMs”)

Amalgamated also offers various retail products specially designed to benefit LMI individuals, including the “Affordable Checking” and “Restart Checking” accounts. The Affordable Checking account has no maintenance fee and no minimum deposit requirement, while the Restart Checking account is offered to customers who otherwise would have been declined for a checking account due to their charge-off histories.

The Bank also offers the “First Home First Priority” program, a mortgage loan product, which includes a discounted rate (0.5%) to LMI borrowers and borrowers of any income who purchase homes in LMI areas. The Bank began promoting this product in early 2017.

#### Community Development Services: Outstanding

Amalgamated provided an excellent level of community development services. The Bank’s directors, officers and employees performed more than 270 community development services during the evaluation period. These services included financial seminars, financial literacy events and first-time homebuyer classes, as well as board and committee memberships in community based nonprofit organizations that promote affordable housing, social services and small business assistance.

Below are highlights of Amalgamated’s community development services during the evaluation period:

- A commercial loan officer has been the treasurer since 2014 of a nonprofit organization in Brooklyn. The organization provides social services, food assistance and youth educational services to LMI neighborhoods.
- An underwriter served on the board of a community fund that supports affordable housing, and better education for LMI residents of New York City.
- A branch manager served on the board of a community based nonprofit organization in Brooklyn. The organization seeks to revitalize and enhance the quality of life in the community by supporting small businesses. Services provided by the organization include direct services, advocacy and outreach.
- A bank community development officer served on the advisory board of a high school in Queens. A majority (81%) of the school’s students are eligible for free or reduced-price lunch.
- A business development officer served on the board of a nonprofit corporation that finances, helps and promotes economic revitalization of Upper Manhattan

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neighborhoods through job creation, corporate alliances, strategic investments and small business assistance. The corporation is a certified Community Development Financial Institution (“CDFI”).

- A senior bank management executive served on the board of a nonprofit organization which supports affordable housing and building quality, affordable homes for LMI families in need.
- A number of the Bank’s senior officers partnered and collaborated with nonprofit organizations in LMI neighborhoods, providing residents with free financial education including the basics of banking, debt management, understanding credit and small business operations and management.
- Several branch managers worked with local organizations in organizing and conducting financial literacy classes and discussions for LMI first time homebuyers.
- The Bank’s president and senior vice president were involved in conducting a number of affordable housing seminars in collaboration with a nonprofit organization which serves the LMI community.

### **Additional Factors**

The following factors were also considered in assessing Amalgamated’s record of performance.

### **The extent of participation by the banking institution’s board of directors or board of trustees in formulating the banking institution’s policies and reviewing its performance with respect to the purposes of the CRA.**

The Board’s Enterprise Risk Oversight Committee is tasked with the oversight of the Bank’s CRA activities and performance results. The Committee reviews and approves the Bank’s CRA policy annually. Amalgamated also has a CRA Officer to carry out the objectives described in the CRA policy and plan.

The Bank drafts a three-year CRA plan and sets specific goals for business units to meet in lending, services, and investments. In order to meet these goals, the Bank created a management-level CRA task force. Headed by the President and CEO, the task force consists of senior management, pertinent business unit heads, and the CRA Officer. The CRA task force meets to assess progress, and quickly resolve any impediments to the Bank reaching its CRA-related goals.

Management and the Board are kept apprised of the Bank’s CRA activities at quarterly Compliance & CRA Committee meetings (management level) and at the Enterprise Risk Oversight Committee meetings (Board level).

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## Discrimination and other illegal practices

- *Any practices intended to discourage applications for types of credit set forth in the banking institution's CRA Public File.*

DFS examiners did not note evidence of practices by Amalgamated intended to discourage applications for the types of credit offered by Amalgamated.

- *Evidence of prohibited discriminatory or other illegal credit practices.*

DFS examiners did not note evidence of prohibited discriminatory or other illegal practices.

## Process Factors

- *Activities conducted by the banking institution to ascertain the credit needs of its community, including the extent of the banking institution's efforts to communicate with members of its community regarding the credit services being provided by the banking institution.*

Amalgamated's efforts to ascertain the credit needs of the communities it serves include meeting with local community organizations providing services to LMI individuals and small businesses. Several Amalgamated branch managers met with these organizations on a number of occasions during the evaluation period to discuss specific community needs.

Additionally, various Amalgamated senior bank officers and branch managers are board members of many of these organizations. Community needs are regularly discussed as part of these organizations' board meetings.

- *The extent of the banking institution's marketing and special credit-related programs to make members of the community aware of the credit services offered by the banking institution*

Amalgamated promotes its residential lending products in consumer product brochures, branch sales ads, on the bank's website, via social media, and in online advertising. The Bank also makes extensive efforts to make the community aware of its First Home First Priority mortgage loan product, including:

- In-branch advertising and take-aways in the Bank's branches located in LMI areas.
- Literature provided to real estate agents within LMI areas to provide to consumers shopping for homes.
- Print ads targeting consumers in LMI areas.
- Print ads targeting realtors in LMI areas.



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- Direct mail marketing to non-mortgage Bank customers in LMI areas.
  - Email marketing to non-mortgage Bank customers in LMI areas.
  - Paid Search Advertising for “first time homebuyer”, “mortgage”, etc.
  - First time homebuyer financial literacy workshops in branches located in LMI areas and in collaboration with community groups who serve LMI individuals.

- *Action Taken in Response to Written Complaints with Respect to CRA*

Neither Amalgamated nor DFS received any written complaints regarding Amalgamated’s CRA performance during the evaluation period.

**Other factors that in the judgment of the Superintendent bear upon the extent to which Amalgamated is helping to meet the credit needs of its entire community**

DFS examiners noted no other factors.

## **GLOSSARY**

### **Aggregate Lending**

The number of loans originated and purchased by all reporting lenders in specified categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the assessment area.

### **Banking Development District (“BDD”) Program**

The BDD Program is a program designed to encourage the establishment of bank branches in areas across New York State where there is a demonstrated need for banking services, in recognition of the fact that banks can play an important role in promoting individual wealth, community development, and revitalization. Among others, the BDD Program seeks to reduce the number of unbanked and underbanked New Yorkers and enhance access to credit for consumers and small businesses. More information about the program, may be found at <https://www.dfs.ny.gov> and search for the BDD Program.

### **Community Development**

“Community development”:

1. Affordable housing (including multifamily housing) for low- or moderate-income (“LMI”) individuals;
2. Community services targeted to LMI individuals;
3. Activities that promote economic development by financing business or farms that meet the size eligibility standards of the United States Small Business Administration (“SBA”) Development Company or Small Business Investment Company programs, or have gross annual incomes of \$1 million or less;
4. Activities that revitalize or stabilize LMI geographies; and
5. Activities that seek to prevent defaults and/or foreclosures in loans included in (1) and (3) above.

### **Community Development Loan**

A loan that has its *primary purpose* community development. This includes but is not limited to loans to:

- Borrowers for affordable housing rehabilitation and construction, including construction and permanent financing for multifamily rental property serving low or moderate income (“LMI”) persons;
- Nonprofit organizations serving primarily LMI or other community development needs;
- Borrowers to construct or rehabilitate community facilities that are located in LMI areas or that primarily serve LMI individuals;
- Financial intermediaries including community development financial institutions, community development corporations, minority- and women-owned financial

institutions, community loan funds or pools, micro-finance institutions, and low-income or community development credit unions that primarily lend or facilitate lending to promote community development;

- Local, state and tribal governments for community development activities; and
- Borrowers to finance environmental clean-up or redevelopment of an industrial site as part of an effort to revitalize the LMI community in which the property is located.

### **Community Development Service**

Service that has community development as its *primary purpose*, is related to the provision of financial services, and has not been considered in the evaluation of the banking institution's retail banking services. This includes but is not limited to:

- Providing technical assistance on financial matters to nonprofit, tribal or government organizations serving LMI housing or economic revitalization and development needs;
- Providing technical assistance on financial matters to small businesses or community development organizations;
- Lending employees to provide financial services for organizations facilitating affordable housing construction and rehabilitation or development of affordable housing;
- Providing credit counseling, home buyers and home maintenance counseling, financial planning or other financial services education to promote community development and affordable housing;
- Establishing school savings programs for LMI individuals;
- Providing seminars for LMI persons on banking and bank account record-keeping;
- Making ATM "Training Machines" available for extended periods at LMI community sites or at community facilities that serve LMI individuals; and
- Technical assistance activities to community development organizations such as:
  - ❖ Serving on a loan review committee;
  - ❖ Developing loan application and underwriting standards;
  - ❖ Developing loan processing systems;
  - ❖ Developing secondary market vehicles or programs;
  - ❖ Assisting in marketing financial services, including the development of advertising and promotions, publications, workshops and conferences;
  - ❖ Furnishing financial services training for staff and management;
  - ❖ Contributing accounting/bookkeeping services; and
  - ❖ Assisting in fund raising, including soliciting or arranging investments.

### **Community Development Financial Institutions Fund ("CDFI Fund")**

The CDFI Fund, an agency of the United States Department of the Treasury, promotes economic revitalization in distressed communities throughout the United States by providing financial assistance and information to community development financial institutions ("CDFI"). Financial institutions, which may include banks, credit unions, loan funds, and community development venture capital funds, can apply to the CDFI Fund for formal certification as a CDFI.

## **Geography**

A census tract delineated by the United States Bureau of the Census in the most recent decennial census

## **Home Mortgage Disclosure Act (“HMDA”)**

The Home Mortgage Disclosure Act, enacted by Congress in 1975, and subsequently amended, requires institutions to annually report data about applications for residential (including multifamily) financing.

## **Income Level**

The income level for borrowers is based on household or family income. A geography’s income is categorized by median family income for the geography. In both cases, the income is compared to the Metropolitan Statistical Area (“MSA”) or statewide nonmetropolitan median income.

<b>Income level of individual or geography</b>	<b>% of the area median income</b>
Low-income	Less than 50
Moderate-income	At least 50 and less than 80
Middle-income	At least 80 and less than 120
Upper-income	120 or more

## **Small Business Loan**

A small business loan is a loan less than or equal to \$1 million.

## **Low or Moderate Income (“LMI”) Geographies**

Those census tracts or block numbering areas where, according to the 2010 U.S. Census, the median family income is less than 80% of the area median family income. In the case of tracted areas that are part of a MSA or Primary Metropolitan Statistical Area (“PMSA”), this would relate to the median family income for the MSA or PMSA in which the tracts are located. In the case of Block Numbering Areas (“BNAs”) and tracted areas that are not part of a MSA or PMSA, the area median family income would be the statewide non-metropolitan median family income.

## **LMI Borrowers**

Borrowers whose income, as reported on the loan application which the lender relied upon in making the credit decision, is less than 80% of the area median family income. In cases where the residential property is located in a MSA or PMSA, this would relate to the median family income for that MSA or PMSA. Otherwise, the area median family income would be the statewide non-metropolitan median family income. In all instances,

the area median family incomes used to measure borrower income levels are updated annually by the U.S. Department of Housing and Urban Development (“HUD”).

### **LMI Individuals/Persons**

Individuals or persons whose income is less than 80% of the area median family income. In the case where the individual resides in a MSA or PMSA, this would relate to the median family income for that MSA or PMSA. Otherwise, the area median family income would be the statewide non-metropolitan median family income. In all instances, the area median family incomes used to measure individual income levels are updated annually by HUD.

### **LMI Penetration Rate**

A number that represents the percentage of a bank’s total loans (for a particular product) that was extended to LMI geographies or borrowers. For example, an LMI penetration rate of 20% would indicate that the bank made 20 out of a total of 100 loans in LMI geographies or to LMI borrowers.

### **Low-Income Housing Tax Credit (“LIHTC”)**

A dollar for dollar tax credit for affordable housing, created under the Tax Reform Act of 1986, that provides incentives to invest in projects for the utilization of private equity in the development of affordable housing aimed at low income Americans. It is also more commonly called Section 42 credits in reference to the applicable section of the IRC. The tax credits are more attractive than tax deductions as they provide a dollar for dollar reduction in a taxpayer’s federal income tax. It is more commonly attractive to corporations since the passive loss rules and similar tax changes greatly reduced the value of tax credits and deductions to individual taxpayers.

### **Minority Depository Institutions (“MDIs”)**

An MDI is defined as a federal insured depository institution for which (1) 51 percent or more of the voting stock is owned by minority individuals; or (2) a majority of the board of directors is minority and the community that the institution serves is predominantly minority. For more of MDIs, go to FDIC.gov (Minority Depository Institutions Program) including list of MDIs.

### **New Markets Tax Credit (“NMTC”)**

The New Markets Tax Credits (NMTC) Program was established by Congress in December 2000 to stimulate economic and community development and job creation in low-income communities. It permits individual and corporate taxpayers to receive a credit against federal income taxes for making qualified equity investments in Community Development Entities (CDEs). The credit provided to the investor totals 39% of the cost of the investment and is claimed over a 7-year period. CDEs must use substantially all of

the taxpayer's investments to make qualified investments in low-income communities. The Fund is administered by the US Treasury Department's Community Development Financial Institutions Fund (CDFI).

### **Qualified Investment**

A lawful investment, deposit, membership share or grant that has community development as its *primary purpose*. This includes but is not limited to investments, deposits, membership shares or grants in or to:

- Financial intermediaries (including community development financial institutions, community development corporations, minority- and women-owned financial institutions, community loan funds, micro-finance institutions and low-income or community development credit unions) that primarily lend or facilitate lending in LMI areas or to LMI individuals in order to promote community development;
- Organizations engaged in affordable housing rehabilitation and construction;
- Organizations, including, for example, small business investment corporations that promote economic development by financing small businesses;
- Facilities that promote community development in LMI areas or LMI individuals, such as youth programs, homeless centers, soup kitchens, health care facilities, battered women's centers, and alcohol and drug recovery centers;
- Projects eligible for low-income housing tax credits;
- State and municipal obligations, such as revenue bonds that specifically support affordable housing or other community development needs;
- Organizations serving LMI housing or other community development needs, such as counseling for credit, home ownership, home maintenance, and other financial services education; and
- Organizations supporting activities essential to the capacity of LMI individuals or geographies to utilize credit to sustain economic development, such as day care operations and job training programs that facilitate access to permanent jobs.

### **Paycheck Protection Program ("PPP") Loans**

The Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") temporarily permits the U.S. Small Business Administration ("SBA") to guarantee 100% of 7(a) loans under a new program titled the "Paycheck Protection Program". The intent of the PPP is to help small business cover payroll costs providing for forgiveness of up to the full principal of qualifying loans guaranteed under the PPP subject to certain rules including how much or percentage of the loan proceeds a borrower spends on payroll costs. A small business owner can apply through any existing SBA 7(a) lender or through any federally insured depository institution, federally insured credit union, and Farm Credit System institution that is participating. Any amount of the PPP loan that is not forgiven shall be repaid over a 5-year term at a fixed interest rate of 1%.